

Straw-man Proposal: SREC Procurement Design
Renewable Energy Taskforce
December 6, 2016

Note: Blank spaces indicate no change from previous auction.

1. Overall auction size and timing	2016 procurement	2017 procurement	2018 procurement
A. How many SRECs should be procured and how?	Minimum 9,000, maximum 15,000 long term auction	Minimum 10,000, maximum 20,000 SRECs 10,000 from N-1, N-2, N-3, E-1, E-2 10,000 from N-4	
B. How many auctions in the compliance year and when?	One	One	
C. Other procurement methods?		Spot market	

2. Tier size and allocation	2016 procurement	2017 procurement	2018 procurement
A. Tier structure	Reduce 30 kW breakpoint to 25 kW: N-1: Up to 25 kW N-2: Greater than 25 kW to 200 kW N-3: Greater than 200 kW to 2 MW E-1: Up to 25 kW E-2: Greater than 25 kW to 2 MW	N-1: Up to 25 kW N-2: Greater than 25 kW to 200 kW N-3: Greater than 200 kW to 2 MW N/E-4: Greater than 2 MW E-1: Up to 25 kW E-2: Greater than 25 kW to 2 MW	
B. How to allocate SRECs among the tiers	N-1, E-1, E-2: 4,400 SRECs N-2: 2,300 SRECs N-3: 2,300 SRECs Up to 6,000 from any tier	N-1, E-1, E-2: 4,400 SRECs N-2: 2,300 SRECs N-3: 3,300 SRECs N/E-4: 10,000 SRECs	
C. Utility scale participation?		N/E-4: Greater than 2 MW	
D. Bidding in higher or lower tiers	If a tier is undersubscribed (because of insufficient bids or rejected bids), bids from other tiers can win those SRECs. N-1 bids could outbid N-3 bids.	N/E-4 bids could fill other tiers if undersubscribed, but not if bids in other tiers rejected on price	
E. Price protections	Bids above the Alternate Compliance Payment of \$400 will not be accepted. DPL has the right to reject bids above a price determined by DPL.		
F. Spot market purchases	Expected 1,000 SRECs or more		

3. Contract length and pricing	2016 procurement	2017 procurement	2018 procurement
A. What should the contract length be?	20 years; 10 years at bid price, 10 years at residual price of \$35	20 years; 10 years at bid price, 10 years at residual price of \$35	
B. Bid price/set price	Competitive bidding for first 10 years of 20 year contract; 10 years at residual price of \$35	Competitive bidding for first 10 years of 20 year contract; 10 years at residual price of \$35	
C. What happens to SRECs after the contract?	No provision for SRECs after 20 year contract	DPL would own SRECs after 20 years	
D. How to ensure production in later years? (Enforcement? Low prices?)	\$35 residual SREC payment	\$35 residual SREC payment	
E. Minimum production requirement with penalties for under-production?	>500kW require performance guarantee	>500kW require performance guarantee	
F. Virtual or inferred SRECs?			Proposals being discussed

4. Overall auction structure	2016 procurement	2017 procurement	2018 procurement
A. What is the definition of “new” vs. “existing”?	Systems with an interconnection date after the close of last auction		
B. Should owners bid through an aggregator?			
C. Is there sufficient site control to prevent speculation?	Owners of existing systems who default on their bids by not signing a contract cannot bid in a subsequent long-term auction.		
D. Market dominance issues			
E. Partial fills?			
F. Should systems be allowed to bid into more than one tier both for bidding up in size and for modifying the system plan?	No bids in multiple tiers		
G. Include bids from residential solar leasing programs			
H. Meeting statutory objective of “maximizing in-state solar renewable energy generation	Currently no in-state manufacturer		

and local manufacturing.”			
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5. Impact of other programs on SREC procurement	2016 procurement	2017 procurement	2018 procurement
A. SEU upfront SREC program: Should program be extended?		SEU considering ending program	
B. Should SEU sell SRECs to DPL?			
C. Green Energy Fund grants		Changes to Green Energy Fund Grants announced	
D. DPL wind power tranches (3 tranches of 40 MW)			
E. Federal tax credits			
F. Restore 3/1 REC/SREC ratio?		No consensus on this point	
G. Other impacts to consider?			